

Director
Intelligence Community Staff
Washington, D.C. 20505

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3 May 1983

MEMORANDUM FOR: Lt Gen Lincoln D. Faurer, USAF
Director, National Security Agency,
Chief, Central Security Service

SUBJECT: Draft OMB Circular A-76, "Performance of Commercial
Activities"

1. I am responding on behalf of the DCI to your 1 April memorandum concerning OMB Circular A-76. I share the concern about the potential risks to sensitive intelligence sources and methods which could be posed by compliance with Circular A-76. However, informal liaison with OMB has brought to light certain points which I believe to be germane. First, no agency has been formally exempted from compliance with Circular A-76, nor is any likely to be. I, therefore, believe that any attempt by the DCI to secure an exemption would probably be unsuccessful. Second, while an activity may not be justified for in-house operation solely because it involves or supports a classified program, the fact that an inordinate security risk would result from having a contractor perform the activity would most probably be considered by OMB to be adequate justification. [redacted]

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2. I fully appreciate that this ambiguity leaves NSA--and not only the NFIP portion--in limbo. However, the situation is the same for the rest of the Intelligence Community and the Department of Defense as well, and the DoD has apparently not shown an interest in approaching OMB for formal relief. However, let me assure you that if NSA runs into significant difficulty in complying with A-76, and cannot reach a reasonable agreement with OMB which would protect its security interests, I will recommend that the DCI intervene directly. [redacted]

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Rear Admiral, USN

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